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By: _____

Sara B. McPeak

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re application of:

Robert Degen et al.

Application No.: 10/091,000

Filed: March 4, 2002

For: MONEY TRANSFER
EVALUATION SYSTEMS AND
METHODS

Art Unit: Technology Center 3600

RESPONSE TO DISMISSAL OF
PETITION TO MAKE SPECIAL

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Sir:

Applicant herein respectfully responds to the *Dismissal of Petition to Make Special*. Attached is a Petition for Extension for one month from January 19, 2003 to February 19, 2003.

On March 4, 2002, Applicant's filed a petition to make the aforementioned application special pursuant to 37 CFR § 1.102(d). On November 19, 2002, the petition was dismissed because the statement explaining how the invention contributed to countering

terrorism was found to be insufficient. In particular, the dismissal indicated that the "petition lacks any specifics about what specific type of money transfers that are attributable to terrorism, as well as any specifics as to what the 'systems and methods' are or how they are to be used to counteract this specific type of terrorism activity." Applicant respectfully requests reconsideration in light of the supplemental information provided herewith.

Q1. WHAT TYPE OF MONEY TRANSFERS ARE ATTRIBUTABLE TO TERRORISM?

In recent times, terrorism has increased in sophistication from "simple-structured terrorist organizations, mainly disorganized local entities . . . or State-sponsored entities . . ." Terrorism Financing, United Nations Report, 12/19, 2002 at p. 6 (attached hereto as exhibit A, and hereinafter referred to as "Terrorism Financing"). Today, however, terrorist organizations can involve "a complex confederation of militant bases and aggregating financial support networks." Id. Promoting terrorist activities through such complex organizations can involve tens and even hundreds of thousands of dollars that must be raised using various fund raising methods, and transferred to those who actually finance and carry out the ultimate terrorist attacks. Id. at pp. 6-7 (noting the cost of financing the September 11, 2001 attacks was greater than \$500,000, and the Bali bombing cost \$74,000). As an example, funds can be generated by a local group that is sometimes located in the United States. Affidavit of Robert Degen at ¶4 (hereinafter "Affidavit" and attached hereto as Exhibit B). From there, the funds are transferred to a controlling group within the terrorist organization. Id. The controlling group can then disburse the funds to local groups responsible for carrying out the terrorism, as payment or to be used to purchase supplies and/or training. Id. Such transfers can include the transfer of cash or other value through services such as, for example, Western Union or traditional bank transfers. Id.

Q2 HOW THE SYSTEMS AND METHODS WORK TO COUNTERACT TERRORISM?

It is now well accepted that without such funding and/or ability to transfer funds, terrorist activities would be reduced. Terrorism Financing at p. 30. At least in part because of the threat of terrorism, "the United States' government has passed laws that encourage reporting of certain suspicious monetary transfer activities." Application at p. 1, ll. 25-29 (attached hereto

as exhibit C). For example, 18 U.S.C. §§1956-1957 identifies certain financing activities in relation to unlawful activities that are proscribed. "However, these laws include specific reporting criteria that are well known by criminal elements, and thus easily avoided by manipulating money transfer activities to avoid detection." Id. In part because of this knowledge, "[o]ne of the main characteristics of [the al-Qaida] network has been its ability to act and behave behind a traditional economic and financial network." Terrorism Financing at p. 8.

Because of the structure and attributes of today's terrorist organizations, one of the most effective tools in counteracting terrorist activities are new tools directed at tracing past transfers, and in detecting ongoing suspicious transfers. As just one example, "[o]n December 4, 2001, within the framework of the fight against the financial networks of terrorism, the United States announced the freezing of assets" of entities suspected of financing terrorist activities. Terrorism Financing at p. 30. To facilitate such activities designed to disrupt the flow of funds related to terrorist activities, the present invention provides novel tools and methods for tracing funds after a terrorist activity has been detected, and/or effective means for detecting suspicious behavior that could prevent terrorist activity.

As stated in the original petition to make special, various embodiments disclosed in the present application include systems and methods used to detect suspicious activities occurring in relation to money transfers. As an example, the present invention provides methods for storing information related to one or more money transfers. Such information can include, for example, the sender's name, phone number, address, type of agent and location of agent used by the sender, the recipient's name, phone number, address, type of agent and location of agent used by the recipient, the transaction amount, and the like. Application at p. 10, ll. 16-32. Thus, in some cases, the information includes both sides of a given transaction. Application at p. 6, ll. 6-10.

The aforementioned information can then be analyzed along with information about other money transfers. This analysis proceeds to identify specified characteristics within the information that can be indicative of transfers related to terrorist activities. For example,

where a certain dollar limit must be reported to the U.S. government, transactions just below such a limit may be flagged as suspicious. Application at p. 5, ll. 24-32. Further, where numerous transfers below the limit to the same person are detected, they can also be flagged as suspicious. Id. Further, if a terrorist suspect is identified, any transfers to/from such a suspect can be used to determine others within a group of terrorists. Such identification can be done by, among other things, matching phonetic spellings of names, exact spellings of names, and phone numbers. See e.g., Application at Figs. 7. This information can be provided to authorities responsible for stopping terrorism and/or arresting persons involved in terrorist acts. In some cases, such information is gathered in real-time, and can be used to direct the arrest of a suspect as a suspicious wire transfer is being initiated and/or received.

Q3. HOW DOES THE INVENTION CONTRIBUTE TO COUNTERING TERRORISM?

As previously stated, the present invention provides an ability to monitor one or both sides of a transaction. Such information can be analyzed to detect suspicious activities. The analysis can begin by monitoring all activities that are associated with a known or suspected terrorist. When a transaction is detected involving the terrorist, authorities can be directed to the location where the transaction is being initiated, or where the transaction is being completed. Alternatively, or in addition, suspicious activity can be monitored and a web of people entering transactions in relation to the suspicious activity can be flagged. This provides another avenue for identifying the breadth of a terrorist network. Any of these approaches serve to disrupt the financial activities of terrorist organizations, which is now commonly accepted as one of the best tools for countering terrorism. See e.g., Terrorism Financing at p. 30

Based on this supplemental information, Applicant respectfully asserts that the invention does counteract terrorism, and hence should be granted special status. Hence, Applicant respectfully requests reconsideration and granting of its petition request. If it is determined that a telephone conference would expedite reconsideration, please telephone the undersigned at 303-571-4000.

Respectfully submitted,



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